

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03948A

Empirita Water Company, LLC
2850 E. Skyline Dr., Ste. 100
Tucson, Arizona 85718

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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3-24-11

COMPANY INFORMATION

Company Name (Business Name) <u>Empirita Water Company, LLC</u>			
Mailing Address <u>2850 E. Skyline Dr. STE 100</u>			
<u>Tucson</u>	<u>AZ</u>	<u>85715</u>	
(Street)	(City)	(State)	(Zip)
<u>1-520-544-5610</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>Same</u>			
(Street)			
(City)			
(State)			
(Zip)			
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Regulatory Contact: <u>James Vermilyea</u>			
<input checked="" type="checkbox"/> Management Contact: <u>James Vermilyea</u>			
(Name)		(Title)	
<u>Same as above</u>			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>DMD Water Services</u>			
(Name)			
<u>14092 E. Placita Mochuelo</u>	<u>Vail</u>	<u>AZ</u>	<u>85641</u>
(Street)	(City)	(State)	(Zip)
<u>520-647-7205</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>dmdwaterservices@gainbroadband.com</u>			

Statutory Agent: Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Lawrence Robertson, Jr.

(Name)

323 N. Wilmot, Suite 300

Tucson

AZ

85715

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☒ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☒ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

COMPANY NAME Empirita Water Company, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	15,000	5,500	9,500
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	29,888	4,720	25,168
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	198,933	38,335	160,598
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	11,498	5,750	5,748
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	2,000	1,500	500
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	1,413	693	720
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	258,732	56,498	202,234

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	15,000	6.67	1,000
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	29,888	1.69	504
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	198,933	4.40	8,752
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	11,498	14.29	1,643
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	2,000	20	400
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	1,413	14.30	202
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	258,732		12,501

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$845	\$ 995
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	(69)	118
146	Notes/Receivables from Associated Companies	210	210
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$986	\$ 1,323
	FIXED ASSETS		
101	Utility Plant in Service	\$258,732	\$ 258,732
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(43,997)	(56,498)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$214,735	\$ 202,234
	TOTAL ASSETS	\$215,721	\$ 203,557

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 3092	\$ 1,727
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	148,612	150,325
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	192	257
	TOTAL CURRENT LIABILITIES	\$ 151,896	\$ 152,309
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	6,765	5,781
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 6,765	\$ 5,781
	TOTAL LIABILITIES	\$ 158,661	\$ 158,090
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	57,060	45,467
	TOTAL CAPITAL	\$ 57,060	\$ 45,467
	TOTAL LIABILITIES AND CAPITAL	\$ 215,721	\$ 203,557

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 17,588	\$ 19,066
460	Unmetered Water Revenue	680	570
474	Other Water Revenues	240	180
	TOTAL REVENUES	\$ 18,508	\$ 19,816
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	2,715	4,033
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	1,127	1,479
621	Office Supplies and Expense		51
630	Outside Services	12,330	10,249
635	Water Testing		
641	Rents		
650	Transportation Expenses	2,180	1,523
657	Insurance – General Liability	1,657	500
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	35	80
403	Depreciation Expense	12,501	12,501
408	Taxes Other Than Income		
408.11	Property Taxes	415	820
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 32,960	\$ 31,236
	OPERATING INCOME/(LOSS)	\$ (14,452)	\$ (11,420)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(374)	
427	Interest Expense	(111)	(173)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (485)	\$ (173)
	NET INCOME/(LOSS)	\$ (14,937)	\$ (11,593)

COMPANY NAME	Empirita Water Company, LLC
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 5,781
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Meter Deposits Refunded During the Test Year	\$
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COMPANY NAME Empirita Water Company, LLC	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-579078	10 HP	25 (GPM)	445'	4.5	1 1/2	2,000
55-580933	10 HP	30 (GPM)	425'	4.5	1 1/2	2,000

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
GROUND FOSS 3HP.	2	NONE	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
50,000	1	5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Empirita Water Company, LLC

Name of System:

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	pvc	3,175
5		
6	pvc	6,250
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	30
3/4	x
1	x
1 1/2	x
2	x
Comp. 3	x
Turbo 3	x
Comp. 4	x
Turbo 4	x
Comp. 6	x
Turbo 6	x

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

1. 50,000 GAL. STORAGE TANK

1 5,000 HYDRO NEUMATIC TANK

OTHER:

2 wells

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Empirita Water Company, LLC	
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	30	112		
FEBRUARY		103		
MARCH		134		
APRIL		275		
MAY		232		
JUNE		315		
JULY		298		
AUGUST		220		
SEPTEMBER		275		
OCTOBER		198		
NOVEMBER		230		
DECEMBER		158		
TOTALS →		2,550	2,600	0

What is the level of arsenic for each well on your system? 0 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? NA GPM for ___ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes () No NA

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Empirita Water Company, LLC
Name of System:	ADEQ Public Water System Number:

UTILITY SHUTOFFS / DISCONNECTS

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		NO		
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTALS →				

OTHER (description):

COMPANY NAME Empirita Water Company, LLC **YEAR ENDING 12/31/2010**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 820

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF Arizona

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) <u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE <u>James Vermilyea, Member</u>
COMPANY NAME <u>Empirita Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

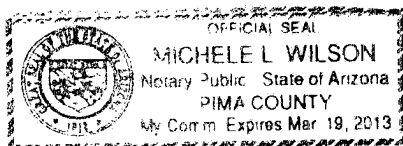
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2010</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



James Vermilyea
SIGNATURE OF OWNER OR OFFICIAL
520 490 1218
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd

DAY OF

March

COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u>
	<u>2011</u>

(SEAL)

Michele L. Wilson
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

3-19-13

YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	N/A (LLC)
Estimated or Actual Federal Tax Liability	N/A (LLC)

State Taxable Income Reported	N/A (LLC)
Estimated or Actual State Tax Liability	N/A (LLC)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
 Amount of Gross-Up Tax Collected _____
 Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

James Cluif
SIGNATURE

3/22/11
DATE

JAMES VERMILYEA
PRINTED NAME

PRESIDENT

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE <u>James Vermilyea</u>
COMPANY NAME <u>Empirita Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

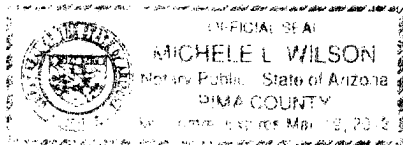
FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2010</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 19,618

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1,110
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd

DAY OF

(SEAL)

MY COMMISSION EXPIRES

3-19-13

James Vermilyea
SIGNATURE OF OWNER OR OFFICIAL
520 490 1218
TELEPHONE NUMBER

COUNTY NAME	<u>Pima</u>	
MONTH	<u>March</u>	<u>2011</u>

Michele L. Wilson
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) James Vermilea	TITLE Member
COMPANY NAME Empirita Water Company, Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

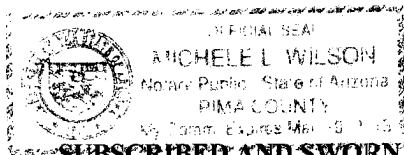
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 19,618
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,110
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd

DAY OF

(SEAL)

MY COMMISSION EXPIRES

3-19-13

James Vermilea
SIGNATURE OF OWNER OR OFFICIAL
520 490 1218
TELEPHONE NUMBER

NOTARY PUBLIC NAME Michele Wilson	
COUNTY NAME Pima	
MONTH March	.2011

Michele L Wilson
SIGNATURE OF NOTARY PUBLIC